

Charitable Gaming

Charitable gaming includes licensed bingo and associated games such as pull-tabs, merchandise coin boards and other “free” no charge promotional events. The operation of these games is restricted to qualified licensed, religious, charitable, fraternal, veteran and service organizations. In addition, to qualify for the license, the organization must possess an Internal Revenue Service 501(c) (3), (4), (5), (7), (8), (10), (19), or 501 (d) exemption. Organizations must have been in continuing existence in this state for at least five years preceding making of application and have had at least 20 bona fide members during that period.

All proceeds derived from the conduct of bingo must be used for lawful, charitable, religious or philanthropic purposes of the organization, and no part of the net earnings may inure to the benefit of any individual member of the organization.

The number of bingo licensees continues to decline each year with a total of 517 regular licensees in FY 2003. This is down approximately 33 licensees from the previous fiscal year. The chart below reflects the total decline over the past three years.

TYPE OF LICENSE	FY 01	FY 02	FY 03
Regular Bingo	576	550	517
Special Bingo (Valid for one event from 1 to 7 days)	368	345	350
Abbreviated Pull-Tab (Valid for 24 hours, limit 4 per calendar year)	163	159	141
Supplier	6	7	7
Manufacturer	9	11	13
Hall Provider	192	147	151



The fees charged for the various licenses within the Charitable Games Division are as follows:

Regular Bingo License	\$50
Special Bingo License	\$25
Abbreviated Pull-Tab License	\$10
Supplier License	\$5,000 (new) \$1,000 (renewal)
Manufacturer License	\$1,000 (new) \$500 (renewal)
Hall Provider License - the fee is based on the number of occasions conducted on the premises	\$150 (new per organization) \$100 (renewal per organization)

The following chart represents licensing fees collected for the past three fiscal years.

Type of License	FY01	FY02	FY03
Bingo Licenses	\$ 39,425	\$ 38,905	\$ 36,670
Manf./Supplier Licenses	\$ 18,500	\$ 20,000	\$ 20,000
Hall Provider Licenses	\$ 13,450	\$ 13,000	\$ 13,150
Miscellaneous (statute book sales, directory sales, interest)	\$ 6,668	\$ 20,147	\$ 610
Total	\$ 78,043	\$ 92,052	\$ 70,430

The current tax rate for bingo paper is $2/10^{\text{th}}$ of one cent per bingo face. The current tax rate for pull-tabs is 2% of the retail sales value of each pull-tab deal. The tax is remitted by the suppliers and is due by the last day of the month following the month the product was sold. The supplier retains 2% of the total due for the cost of collection. The following chart represents the bingo tax collected over the past three fiscal years. All bingo tax is deposited into the Proceeds for Education Fund.

Although the number of licensees continues to decrease, the actual tax collection increased slightly in FY 2003. The total collections, however, is still down due to the declining interest rates over the past two fiscal years.

Proceeds for Education	FY01	FY02	FY03
Supplier Tax	\$ 3,514,132	\$ 3,187,204	\$ 3,209,784
Interest Earned	\$ 398,335	\$ 227,365	\$ 143,210
TOTAL	\$ 3,912,467	\$ 3,414,569	\$ 3,352,994



In FY 2003, the Charitable Games Division continued to explore ways to improve communication with the charitable organizations. Therefore, a new in-state toll-free telephone number was established, 866-801-8643. In addition, all forms, applications, bulletins, etc., are now available on the Missouri Gaming Commission web page at www.mgc.dps.mo.gov.

The Missouri Gaming Commission adopted a new regulation in FY 2003 that requires licensed manufacturers to report prices charged to the suppliers in Missouri for bingo paper and pull-tabs being sold in the state. The regulation also requires that licensed suppliers report any sales of such products they intend to sell below the price paid for the supplies. The Bingo statutes require that the Commission ensure that bingo supplies sold in the State of Missouri are priced at a reasonable market rate. By receiving the quarterly reports from the manufacturers, the Commission is better equipped to monitor the reasonable market rate and ensure that suppliers, large and small, can remain equally competitive in a declining market. The importance of this requirement is to protect the non-profit organizations from the end result of paying an unreasonable amount

for their bingo products.

The bingo section received 112 complaints, 107 of which were resolved in the same year. The enforcement section conducted 34 inspections during FY 2003; the bingo audit staff assisted with 21 of the inspections. In addition, the audit section conducted 63 audits, including bingo product manufacturers, suppliers and charity game operators. Audits and/or inspections are generally initiated by complaints from players or members of the organizations. During FY 2003, the audit staff implemented two new audit strategies. To take a more proactive approach to compliance, a list was compiled of all bingo operators who had never been contacted in person by Commission representatives. Fifteen of the 63 audits conducted were organizations randomly selected from this list. The audit staff also reviewed the records of organizations previously audited and began conducting follow-up desk audits to determine if the organizations had complied with the suggested changes from the previous visit. Eight of the 63 audits conducted were follow-up desk audits.

Bingo statutes and regulations establish due dates for suppliers, hall providers and bingo operators to submit renewal applications and quarterly reports. Failure to meet the established due dates result in a penalty being assessed in the amount of \$5 per day. Penalties are also assessed in some disciplinary cases. The penalty is collected by the Charitable Gaming Division and then forwarded to the County Treasurer in the county where the company or organization is located for deposit in the county school fund. During FY 2003, the bingo section processed 215 penalties that resulted in \$33,172.50 additional funds for various schools throughout Missouri.

Officers and/or workers of charitable organizations participating in the management, conduct or operation of bingo may only participate if they have never been convicted of a felony. The Commission performs a criminal background check on all names submitted to ensure that no felons are involved. During FY 2003, a total of 32,105 record checks were performed and a total of 43 convicted felons were identified and excluded from participating in the management or operation of charitable games. The total number of felons excluded since the Charitable Games Division was moved to the Missouri Gaming Commission in 1994 is 584. During this same time period, a total of 75,281 criminal history checks have been conducted.